

Union Calendar No. 721

83<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 9709**

[Report No. 2001]

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IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 1954

Mr. REED of New York introduced the following bill; which was referred to the Committee on Ways and Means

JUNE 29, 1954

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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**A BILL**

To extend and improve the unemployment compensation program.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That, effective with respect to services performed after  
4       December 31, 1954, section 1607 (a) of the Internal  
5       Revenue Code is hereby amended by striking out "eight or  
6       more" and inserting in lieu thereof "four or more".

7       SEC. 2. Effective with respect to rates of contributions  
8       for periods after December 31, 1954, section 1602 (a) of the  
9       Internal Revenue Code is hereby amended by adding after  
10      paragraph (3) the following:

11     "For any person (or group of persons) who has (or

1 have) not been subject to the State law for a period of time  
2 sufficient to compute the reduced rates permitted by para-  
3 graphs (1), (2), and (3) of this subsection on a three-  
4 year basis, the period of time required may be reduced to the  
5 amount of time the person (or group of persons) has (or  
6 have) had experience under or has (or have) been sub-  
7 ject to the State law, whichever is appropriate, but in no  
8 case less than one year immediately preceding the computa-  
9 tion date.”

10 SEC. 3. Effective with respect to the taxable year 1955  
11 and succeeding taxable years—

12 (1) section 1605 (c) of the Internal Revenue Code  
13 is hereby amended to read as follows:

14 “(c) TIME FOR PAYMENT.—The tax shall be paid not  
15 later than January 31, next following the close of the taxable  
16 year.”; and

17 (2) section 1605 (d) of the Internal Revenue Code  
18 is hereby amended by striking out “or any installment  
19 thereof” each place it appears.

20 SEC. 4. (a) The Social Security Act, as amended, is fur-  
21 ther amended by adding after title XIV thereof the fol-  
22 lowing new title:

1 "TITLE XV—UNEMPLOYMENT COMPENSATION  
2 FOR FEDERAL EMPLOYEES

3 "DEFINITIONS

4 "SEC. 1501. When used in this title—

5 "(a) The term 'Federal service' means any service  
6 performed after 1952 in the employ of the United States or  
7 any instrumentality thereof which is wholly owned by the  
8 United States, except that the term shall not include service  
9 performed—

10 "(1) by an elective officer in the executive or legis-  
11 lative branch of the Government of the United States;

12 "(2) as a member of the Armed Forces of the  
13 United States;

14 "(3) by foreign service personnel for whom special  
15 separation allowances are provided by the Foreign  
16 Service Act of 1946 (60 Stat. 999);

17 "(4) prior to January 1, 1955, for the Bonneville  
18 Power Administrator if such service constitutes employ-  
19 ment under section 1607 (m) of the Internal Revenue  
20 Code;

21 "(5) outside the United States by an individual  
22 who is not a citizen of the United States;

1           “(6) by any individual as an employee who is ex-  
2           cluded by Executive order from the operation of the  
3           Civil Service Retirement Act of 1930 because he is paid  
4           on a contract or fee basis;

5           “(7) by any individual as an employee receiving  
6           nominal compensation of \$12 or less per annum;

7           “(8) in a hospital, home, or other institution of the  
8           United States by a patient or inmate thereof;

9           “(9) by any individual as an employee included  
10          under section 2 of the Act of August 4, 1947 (relating  
11          to certain interns, student nurses, and other student em-  
12          ployees of hospitals of the Federal Government;  
13          5 U. S. C., sec. 1052) ;

14          “(10) by any individual as an employee serving  
15          on a temporary basis in case of fire, storm, earthquake,  
16          flood, or other similar emergency;

17          “(11) by any individual as an employee who is  
18          employed under a Federal relief program to relieve him  
19          from unemployment; or

20          “(12) as a member of a State, county, or com-  
21          munity committee under the Production and Marketing  
22          Administration or of any other board, council, com-  
23          mittee, or other similar body, unless such board, coun-  
24          cil, committee, or other body is composed exclusively

1 of individuals otherwise in the full-time employ of the  
2 United States.

3 For the purpose of paragraph (5) of this subsection, the  
4 term 'United States' when used in a geographical sense  
5 means the States, Alaska, Hawaii, the District of Columbia,  
6 Puerto Rico, and the Virgin Islands.

7 “(b) The term 'Federal wages' means all remuneration  
8 for Federal service, including cash allowances and remuner-  
9 ation in any medium other than cash.

10 “(c) The term 'Federal employee' means an individual  
11 who has performed Federal service.

12 “(d) The term 'compensation' means cash benefits pay-  
13 able to individuals with respect to their unemployment  
14 (including any portion thereof payable with respect to  
15 dependents).

16 “(e) The term 'benefit year' means the benefit year  
17 as defined in the applicable State unemployment compensa-  
18 tion law; except that, if such State law does not define  
19 a benefit year, then such term means the period prescribed  
20 in the agreement under this title with such State or, in  
21 the absence of an agreement, the period prescribed by the  
22 Secretary.

23 “(f) The term 'Secretary' means the Secretary of Labor.

1 "COMPENSATION FOR FEDERAL EMPLOYEES UNDER STATE  
2 AGREEMENTS

3 "SEC. 1502. (a) The Secretary is authorized on behalf  
4 of the United States to enter into an agreement with any  
5 State, or with the agency administering the unemployment  
6 compensation law of such State, under which such State  
7 agency (1) will make, as agent of the United States, pay-  
8 ments of compensation, on the basis provided in subsection  
9 (b) of this section, to Federal employees, and (2) will  
10 otherwise cooperate with the Secretary and with other State  
11 agencies in making payments of compensation under this  
12 title.

13 "(b) Any such agreement shall provide that compensa-  
14 tion will be paid by the State to any Federal employee, with  
15 respect to unemployment after December 31, 1954, in the  
16 same amount, on the same terms, and subject to the same  
17 conditions as the compensation which would be payable  
18 to such employee under the unemployment compensation  
19 law of the State if the Federal service and Federal wages of  
20 such employee assigned to such State under section 1504 had  
21 been included as employment and wages under such law.

22 "(c) Any determination by a State agency with respect  
23 to entitlement to compensation pursuant to an agreement  
24 under this section shall be subject to review in the same

1 manner and to the same extent as determinations under the  
2 State unemployment compensation law, and only in such  
3 manner and to such extent.

4 “(d) Each agreement shall provide the terms and  
5 conditions upon which the agreement may be amended or  
6 terminated.

7 “COMPENSATION FOR FEDERAL EMPLOYEES IN ABSENCE  
8 OF STATE AGREEMENT

9 “SEC. 1503. (a) In the case of a Federal employee  
10 whose Federal service and Federal wages are assigned under  
11 section 1504 to a State which does not have an agreement  
12 under this title with the Secretary, the Secretary, in accord-  
13 ance with regulations prescribed by him, shall, upon the  
14 filing by such employee of a claim for compensation under  
15 this subsection, make payments of compensation to him with  
16 respect to unemployment after December 31, 1954, in the  
17 same amounts, on the same terms, and subject to the same  
18 conditions as would be paid to him under the unemployment  
19 compensation law of such State if such employee's Federal  
20 service and Federal wages had been included as employ-  
21 ment and wages under such law, except that if such em-  
22 ployee, without regard to his Federal service and Federal  
23 wages, has employment or wages sufficient to qualify for  
24 any compensation during the benefit year under the law of

1 such State, then payments of compensation under this sub-  
2 section shall be made only on the basis of his Federal service  
3 and Federal wages.

4 “(b) In the case of a Federal employee whose Federal  
5 service and Federal wages are assigned under section 1504  
6 to Puerto Rico or the Virgin Islands, the Secretary, in ac-  
7 cordance with regulations prescribed by him, shall, upon  
8 the filing by such employee of a claim for compensation  
9 under this subsection, make payments of compensation to  
10 him with respect to unemployment after December 31,  
11 1954, in the same amounts, on the same terms, and subject  
12 to the same conditions as would be paid to him under the  
13 unemployment compensation law of the District of Columbia  
14 if such employee's Federal service and Federal wages had  
15 been included as employment and wages under such law,  
16 except that if such employee, without regard to his Federal  
17 service and Federal wages, has employment or wages suf-  
18 ficient to qualify for any compensation during the benefit  
19 year under such law, then payments of compensation  
20 under this subsection shall be made only on the basis of his  
21 Federal service and Federal wages.

22 “(c) Any Federal employee whose claim for com-  
23 pensation under subsection (a) or (b) of this section has  
24 been denied shall be entitled to a fair hearing in accordance  
25 with regulations prescribed by the Secretary. Any final



1 determination by the Secretary with respect to entitlement  
2 to compensation under this section shall be subject to review  
3 by the courts in the same manner and to the same extent  
4 as is provided in section 205 (g) with respect to final  
5 decisions of the Secretary of Health, Education, and Welfare  
6 under title II.

7 “(d) The Secretary may utilize for the purposes of this  
8 section the personnel and facilities of the agencies in Puerto  
9 Rico and the Virgin Islands cooperating with the United  
10 States Employment Service under the Act of June 6, 1933  
11 (48 Stat. 113), as amended, and may delegate to officials of  
12 such agencies any authority granted to him by this section  
13 whenever the Secretary determines such delegation to be nec-  
14 essary in carrying out the purposes of this title. For the pur-  
15 pose of payments made to such agencies under such Act, the  
16 furnishing of such personnel and facilities shall be deemed to  
17 be a part of the administration of the public employment  
18 offices of such agencies.

19 “STATE TO WHICH FEDERAL SERVICE AND WAGES ARE  
20 ASSIGNABLE

21 “SEC. 1504. In accordance with regulations prescribed  
22 by the Secretary, the Federal service and Federal wages of  
23 an employee shall be assigned to the State in which he had  
24 his last official station in Federal service prior to the filing

1 of his first claim for compensation for the benefit year, ex-  
2 cept that—

3 “ (1) if, at the time of the filing of such first claim,  
4 he resides in another State in which he performed, after  
5 the termination of such Federal service, service covered  
6 under the unemployment compensation law of such  
7 other State, such Federal service and Federal wages  
8 shall be assigned to such other State;

9 “ (2) if his last official station in Federal service,  
10 prior to the filing of such first claim, was outside the  
11 United States, such Federal service and Federal wages  
12 shall be assigned to the State where he resides at the  
13 time he files such first claim; and

14 “ (3) if such first claim is filed while he is residing  
15 in Puerto Rico or the Virgin Islands, such Federal  
16 service and Federal wages shall be assigned to Puerto  
17 Rico or the Virgin Islands.

18 “TREATMENT OF ACCRUED ANNUAL LEAVE

19 “SEC. 1505. For the purposes of this title, in the case of  
20 a Federal employee who is performing Federal service at  
21 the time of his separation from employment by the United  
22 States or any instrumentality thereof, (1) the Federal serv-  
23 ice of such employee shall be considered as continuing during  
24 the period, subsequent to such separation, with respect to  
25 which he is considered as having received payment of ac-

1 cumulated and current annual or vacation leave pursuant  
2 to any Federal law, and (2) subject to regulations of the  
3 Secretary concerning allocation over the period, such pay-  
4 ment shall constitute Federal wages.

5 "PAYMENTS TO STATES

6 "SEC. 1506. (a) Each State shall be entitled to be paid  
7 by the United States an amount equal to the additional cost  
8 to the State of payments of compensation made under and  
9 in accordance with an agreement under this title which  
10 would not have been incurred by the State but for the  
11 agreement.

12 "(b) In making payments pursuant to subsection (a)  
13 of this section, there shall be paid to the State, either in  
14 advance or by way of reimbursement, as may be determined  
15 by the Secretary, such sum as the Secretary estimates the  
16 State will be entitled to receive under this title for each  
17 calendar month, reduced or increased, as the case may be,  
18 by any sum by which the Secretary finds that his estimates  
19 for any prior calendar month were greater or less than the  
20 amounts which should have been paid to the State. Such  
21 estimates may be made upon the basis of such statistical,  
22 sampling, or other method as may be agreed upon by the  
23 Secretary and the State agency.

24 "(c) The Secretary shall from time to time certify to  
25 the Secretary of the Treasury for payment to each State

1 sums payable to such State under this section. The Secretary  
2 of the Treasury, prior to audit or settlement by the General  
3 Accounting Office, shall make payment to the State in ac-  
4 cordance with such certification, from the funds for carrying  
5 out the purposes of this title.

6 “(d) All money paid a State under this title shall  
7 be used solely for the purposes for which it is paid; and  
8 any money so paid which is not used for such purposes  
9 shall be returned, at the time specified in the agreement  
10 under this title, to the Treasury and credited to current  
11 applicable appropriations, funds, or accounts from which  
12 payments to States under this title may be made.

13 “(e) An agreement under this title may require any  
14 officer or employee of the State certifying payments or dis-  
15 bursing funds pursuant to the agreement, or otherwise partici-  
16 pating in its performance, to give a surety bond to the United  
17 States in such amount as the Secretary may deem necessary,  
18 and may provide for the payment of the cost of such bond  
19 from funds for carrying out the purposes of this title.

20 “(f) No person designated by the Secretary, or desig-  
21 nated pursuant to an agreement under this title, as a certify-  
22 ing officer, shall, in the absence of gross negligence or intent  
23 to defraud the United States, be liable with respect to the  
24 payment of any compensation certified by him under this  
25 title.

1       “(g) No disbursing officer shall, in the absence of gross  
2 negligence or intent to defraud the United States, be liable  
3 with respect to any payment by him under this title if it was  
4 based upon a voucher signed by a certifying officer design-  
5 nated as provided in subsection (f) of this section.

6       “(h) For the purpose of payments made to a State  
7 under title III, administration by the State agency of such  
8 State pursuant to an agreement under this title shall be  
9 deemed to be a part of the administration of the State un-  
10 employment compensation law.

11                               “INFORMATION

12       “SEC. 1507. (a) All Federal departments, agencies,  
13 and wholly owned instrumentalities of the United States are  
14 directed to make available to State agencies which have  
15 agreements under this title or to the Secretary, as the case  
16 may be, such information with respect to the Federal service  
17 and Federal wages of any Federal employee as the Secretary  
18 may find practicable and necessary for the determination of  
19 such employee's entitlement to compensation under this title.  
20 Such information shall include the findings of the employing  
21 agency with respect to—

22               “(1) whether the employee has performed Federal  
23 service,

24               “(2) the periods of such service,

1           “(3) the amount of remuneration for such service,  
2           and

3                   “(4) the reasons for termination of such service.  
4   The employing agency shall make the findings in such form  
5   and manner as the Secretary shall by regulations prescribe  
6   (which regulations shall include provision for correction by  
7   the employing agency of errors or omissions). Any such  
8   findings which have been made in accordance with such  
9   regulations shall be final and conclusive for the purposes of  
10  sections 1502 (c) and 1503 (c).

11       “(b) The agency administering the unemployment  
12    compensation law of any State shall furnish to the Secretary  
13    such information as the Secretary may find necessary or  
14    appropriate in carrying out the provisions of this title, and  
15    such information shall be deemed reports required by the  
16    Secretary for the purposes of paragraph (6) of subsection  
17    (a) of section 303.

18 “PENALTIES

19       “SEC. 1508. (a) Whoever makes a false statement or  
20 representation of a material fact knowing it to be false, or  
21 knowingly fails to disclose a material fact, to obtain or  
22 increase for himself or for any other individual any payment  
23 authorized to be paid under this title or under an agreement  
24 thereunder shall be fined not more than \$1,000 or imprisoned  
25 for not more than one year, or both.

1       “(b) (1) If a State agency or the Secretary, as the case  
2 may be, or a court of competent jurisdiction, finds that any  
3 person—

4       “(A) has made, or has caused to be made by an-  
5 other, a false statement or representation of a material  
6 fact knowing it to be false, or has knowingly failed, or  
7 caused another to fail, to disclose a material fact, and

8       “(B) as a result of such action has received any  
9 amount as compensation under this title to which he was  
10 not entitled,

11 such person shall be liable to repay such amount to the State  
12 agency or the Secretary, as the case may be. In lieu of  
13 requiring the repayment of any amount under this paragraph,  
14 the State agency or the Secretary, as the case may be, may  
15 recover such amount by deductions from any compensation  
16 payable to such person under this title during the two-year  
17 period following the date of the finding. Any such finding  
18 by a State agency or the Secretary, as the case may be, may  
19 be made only after an opportunity for a fair hearing, subject  
20 to such further review as may be appropriate under sections  
21 1502 (c) and 1503 (e).

22       “(2) Any amount repaid to a State agency under para-  
23 graph (1) shall be deposited into the fund from which pay-  
24 ment was made. Any amount repaid to the Secretary under  
25 paragraph (1) shall be returned to the Treasury and cred-

1 ited to the current applicable appropriation, fund, or account  
2 from which payment was made.

3 "REGULATIONS

4 "SEC. 1509. The Secretary is hereby authorized to  
5 make such rules and regulations as may be necessary to  
6 carry out the provisions of this title. The Secretary shall  
7 insofar as practicable consult with representatives of the  
8 State unemployment compensation agencies before pre-  
9 scribing any rules or regulations which may affect the  
10 performance by such agencies of functions pursuant to  
11 agreements under this title.

12 "APPROPRIATIONS

13 "SEC. 1510. There are hereby authorized to be appro-  
14 priated out of any moneys not otherwise appropriated such  
15 sums as are necessary to carry out the provisions of this  
16 title."

17 (b) Section 1606 (e) and section 1607 (m) of the  
18 Internal Revenue Code are each hereby amended by insert-  
19 ing after "December 31, 1945," the following: "and before  
20 January 1, 1955,".



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83<sup>rd</sup> CONGRESS  
2<sup>nd</sup> Session

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